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**MARKET ACCESS SECRETARIAT**
**Global Analysis Report**

# Bakery Products in Saudi Arabia

**April 2016**

## EXECUTIVE SUMMARY

Saudi Arabia is estimated as the 20th ranked bakery products market worldwide, with an estimated US$5.6 billion worth of retail value sales in 2015. Saudi Arabia witnessed a severe shortage of labour when the government started the Nitaqat program in early 2013. This had a profoundly negative impact on the overall retail landscape, particularly on traditional grocery retailers and bakeries (Euromonitor International, 2015). Around this period, the Saudi Arabia bakery product market saw a decrease in global ranking from 18th to 20th.

The leading international bakery company in the world is Mondelez International Inc and in 2015 it sold bakery products at a retail value of US$125.6 million in Saudi Arabia (Euromonitor International, 2015).

With population ages 0–14 reaching over 9.0 million by 2020, the rise in disposable income, and increase in aggressive promotion activities and product development, the bakery products market in Saudi Arabia is estimated to grow at 10% compound annual growth rate (CAGR) with an estimated US$8.7 billion in retail value sales by 2020.

The baked good subsector is the largest of the three subsectors within bakery products category and made up 86% of overall value sales in 2015 (Euromonitor International, 2015).

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## POSITIONING BAKERY PRODUCTS IN THE WORLD

**Top 5 Bakery Companies Worldwide in 2015, US$**

| Company | International Sales | Sales in Saudi Arabia |
|---|---|---|
| 1. Mondelez International Inc | $18.00 billion | $125.6 million |
| 2. Grupo Bimbo SAB de CV | $14.78 billion | - |
| 3. Kellogg Co | $14.66 billion | - |
| 4. General Mills Inc | $6.31 billion | - |
| 5. PepsiCo Inc | $5.52 billion | - |
| 6. Artisanal | $205.63 billion | $3.42 billion |
| 7. Other | 87.32 billion | $272.1 million |
| 8. Private Label | $36.89 billion | 0.2 million |

***Source:*** *Euromonitor International, 2016* **Fixed 2016 Exchange Rate*

**Top 10 Bakery Products Retail Markets Worldwide in 2015, US$**

| Country | Retail Sales |
|---|---|
| 1. United States | $89.17 billion |
| 2. China | $36.95 billion |
| 3. Brazil | $29.00 billion |
| 4. Japan | $23.66 billion |
| 5. Mexico | $19.64 billion |
| 6. France | $19.34 billion |
| 7. Germany | $19.18 billion |
| 8. Italy | $19.17 billion |
| 9. United Kingdom | $17.06 billion |
| 10. Turkey | $15.18 billion |
| 20. Saudi Arabia | $5.55 billion |

***Source:*** *Euromonitor International, 2016; Global Trade Atlas, 2016*

**The Bakery Products Market in Saudi Arabia in 2013, US$**

| Indicator | Value |
|---|---|
| Retail sales, 2013 | $4.69 billion |
| Domestic manufacturer shipments *(value of goods consumed domestically)* | $3.82 billion |
| Imports of bakery products from the world, in 2013* | $509.52 million |
| Exports of bakery products to the world, in 2013* | $359.27 million |
| Dependence on imports | 10.9 % |

**latest import and export data available is 2013*

**Top 10 Importers of Bakery Products* Worldwide 2014, US$**

| Country | Imports US$ billions | Top Suppliers & Market Share | | | Canada's Share |
|---|---|---|---|---|---|
| | | 1 | 2 | 3 | |
| United States | 4.15 | Canada 49.0% | Mexico 19.4% | Germany 3.4% | 49.02% |
| United Kingdom | 2.80 | Germany 21.1% | Belgium 18.2% | Italy 11.6% | 1.18% |
| France | 2.63 | Germany 25.8% | France 19.7% | Netherlands 14.9% | 0.04% |
| Germany | 2.48 | France 14.9% | Netherlands 15.6% | Poland 12.6% | 0.01% |
| Canada | 2.02 | United States 80.8% | Mexico 2.7% | United Kingdom 2.5% | 0.06% |
| Belgium | 1.35 | France 31.9% | Netherlands 24.8% | Germany 17.4% | 0.15% |
| Italy | 1.19 | Germany 29.3% | France 18.0% | Austria 11.4% | 0.00% |
| Netherlands | 1.15 | Belgium 34.8% | Germany 29.8% | France 9.3% | 0.03% |
| Spain | 0.93 | Germany 25.6% | France 23.0% | Italy 12.8% | 0.00% |
| Austria | 0.79 | Germany 62.1% | Italy 7.8% | France 5.0% | 0.00% |

***Source:*** *Global Trade Atlas, 2015 **Note: For the purpose of this report, "bakery products" was defined using the following HS code: 1904, 1905*

In 2014, Canada exported over US$2.2 billion worth of bakery products to the world, with 94.5% going to the United States. However, Saudi Arabia accounted for US$4.3 million of Canada's bakery products in 2014. More specifically, 80% of Canada's main bakery exports to Saudi Arabia are bread, pastry, and cakes at a value of US$3.5 million. As flour is the main ingredient in bakery products and Canada's top bakery good export commodity to the world in 2014 was cereals, Canadian grain producers could focus on increasing their exports of wheat flour to Saudi Arabia.

**Bakery Products* Export Gap, 2013 (US$ Millions)**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2009-13 CAGR* % |
|---|---|---|---|---|---|---|
| **Saudi Arabia** Imports of Bakery Products* from the World | 110.9 | 341.8 | 396 | 469.2 | 509.5 | 46.4% |
| **Saudi Arabia** Imports of Bakery Products* from Canada | 0 | 2.1 | 3.5 | 4.6 | 4.4 | 27.96% |
| Gross Export Gap | 110.9 | 339.7 | 392.5 | 464.6 | 505.1 | 46.09% |

***Source:*** *Global Trade Atlas, 2015* ***CAGR**: Compound Annual Growth rate.*
***Note: For the purpose of this report, "bakery products" was defined using the following HS code: 1904, 1905*
****Note: latest import and export data available is 2013*

## CONSUMER ATTITUDE AND ECONOMIC DRIVERS

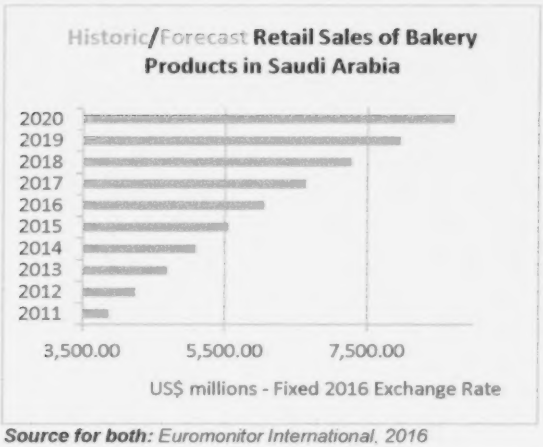
Saudi Arabia consumers are becoming increasingly sophisticated in their knowledge of health and wellness (HW) food products and seeking to alter their diet. With growth in health-conscious food products, such as bakery products, there is an increase in demand for whole wheat, reduced-sugar, and gluten-free bakery products. Also, on-the-go consumption of HW bakery products is also expected to increase at a compound annual growth rate (CAGR) of 14% from 2016 to 2020, as a result of Saudi Arabia's powerful economic performance (Euromonitor International, 2015). This leads to a stronger purchasing power among Saudi consumers. With this strength in purchasing power, Saudi consumers are willing to pay a premium for healthier food products such as HW bakery products.

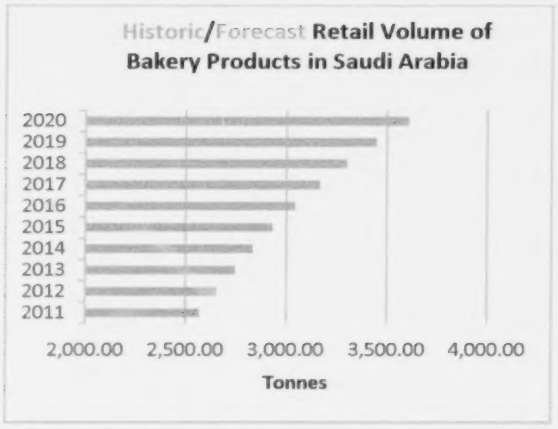
## RETAIL ENVIROMENT

In early 2013, Saudi Arabia retail landscape experienced a slight set back in retail sales due to severe labour shortage caused by the government implemented Nitaqat program (an attempt to increase the employment of Saudi nationals). The shortage in labour had a significant impact on independent grocers and bakeries. At the end of 2014, the retail landscape improved once the Nitaqat program was adjusted, labour issues were settled and sales started to increase at a consistent growth rate of 9%. The growth in bakery products continues to improve due to manufactures efforts to push product sales through aggressive advertising and product development activities.

Traditional grocery retail accounts for 45% share of sales of bakery products in 2015, making this the biggest retail channel for bakery sales. This dominance in market share is largely due to sales of unpackaged breads, cakes, and pastries. However, modern groceries (supermarkets and hypermarkets) are growing rapidly. Modern groceries are increasingly taking away sales away from traditional grocery retailers, accounting for 41% share of value sales in 2015 in comparison to 40% in 2014 (Euromonitor International, 2015).

Overall Saudi Arabia's retail landscape is thriving, with both traditional and modern groceries expected to boom in part due to population growth and demand for bakery products.




***Source for both:*** *Euromonitor International, 2016*

**Historic Retail Value Sales of Bakery Products in Saudi Arabia, in US $ Millions and Period Growth (%), Current Prices – Fixed 2016 Exchange Rates**

| Categories | 2011 | 2012 | 2013 | 2014 | 2015 | 2011-15 CAGR* (%) |
|---|---|---|---|---|---|---|
| Bakery | 3,869.20 | 4,248.30 | 4,690.20 | 5,092.70 | 5,552.90 | 9% |
| Baked Goods | 3,366.40 | 3,686.00 | 4,057.90 | 4,392.00 | 4,775.40 | 9% |
| Biscuits | 385.20 | 429.40 | 481.20 | 532.10 | 589.20 | 11% |
| Breakfast Cereals | 117.60 | 132.90 | 151.10 | 168.60 | 188.30 | 12% |

***Source:*** *Euromonitor International, 2016* ****CAGR**: Compound Annual Growth rate.*

**Forecast Retail Value Sales of Bakery Products in Saudi Arabia, in US$ Millions and Period Growth (%), Current Prices – Fixed 2016 Exchange Rates**

| Categories | 2016 | 2017 | 2018 | 2019 | 2020 | 2016-20 CAGR* (%) |
|---|---|---|---|---|---|---|
| Bakery | *6,051.90* | *6,641.50* | *7,275.40* | *7,970.50* | *8,725.80* | 10% |
| Baked Goods | *5,188.80* | *5,678.00* | *6,201.80* | *6,772.20* | *7,386.30* | 9% |
| Biscuits | *652.90* | *727.50* | *808.20* | *899.50* | *1,003.40* | 11% |
| Breakfast Cereals | *210.20* | *236.00* | *265.40* | *298.80* | *336.10* | 12% |

***Source:*** *Euromonitor International, 2016* ****CAGR**: Compound Annual Growth rate.*

**Historic Retail Volume in Tonnes ('000) of Bakery Products in Subsectors in Saudi Arabia**

| Subsectors | 2011 | 2012 | 2013 | 2014 | 2015 | 2011-15 CAGR* (%) |
|---|---|---|---|---|---|---|
| Bakery | 2,567.20 | 2,652.20 | 2,743.80 | 2,832.60 | 2,932.40 | 3.4% |
| Baked Goods | 2,515.50 | 2,597.00 | 2,684.90 | 2,769.60 | 2,864.80 | 3.3% |
| Biscuits | 37.80 | 40.30 | 42.90 | 45.90 | 49.20 | 6.8% |
| Breakfast Cereals | 13.90 | 14.90 | 16.00 | 17.10 | 18.40 | 7.3% |

***Source:*** *Euromonitor International, 2016* ****CAGR**: Compound Annual Growth rate.*

**Forecast Retail Volume in Tonnes ('000) of Bakery Products Subsectors in Saudi Arabia**

| Subsectors | 2016 | 2017 | 2018 | 2019 | 2020 | 2016-20 CAGR* (%) |
|---|---|---|---|---|---|---|
| Bakery | 3,042.10 | 3,165.20 | 3,301.00 | 3,448.30 | 3,609.40 | 4% |
| Baked Goods | *2,969.40* | *3,086.60* | *3,215.80* | *3,355.80* | *3,508.50* | 4% |
| Biscuits | *53.00* | *57.30* | *62.10* | *67.50* | *73.60* | 9% |
| Breakfast Cereals | *19.70* | *21.30* | *23.10* | *25.00* | *27.30* | 8% |

***Source:*** *Euromonitor International, 2016* ****CAGR**: Compound Annual Growth rate.*

**Top 5 Bakery Products Company Shares in Saudi Arabia– Retail Value Sales % Breakdown***

| Companies | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Almarai Co Ltd | 3.6 | 4.0 | 4.4 | 4.6 | 4.6 |
| Switz Group, The | 2.6 | 2. | 2.8 | 2.8 | 2.9 |
| Chipita SA | 1.6 | 1.8 | 2.0 | 2.2 | 2.4 |
| Mondelez International Inc | 0.0 | 2.0 | 2.1 | 2.2 | 2.3 |
| Americana Group | 2.1 | 2.1 | 2.0 | 2.0 | 2.0 |

***Source:*** *Euromonitor International, 2016*
*Note*: Percentage calculation done by AAFC based on data from Euromonitor International*

Saudi Arabia's bakery product industry is led by a domestic player Almarai Co Ltd , who accounts for 4.6% of the available market share in 2015. Although the top five bakery product companies in Saudi Arabia account for 14.1% of total Bakery sector, 67% of market share in 2015 was accounted for by Artisanal (due to increase in the number of independent bakeries and cake houses growing rapidly). Manufactures are continuing efforts to push bakery products, an indication that the bakery sector is growing and would allow possible opportunities for Canadian companies.

## NEW PRODUCT LAUNCH ANALYSIS

This section combines all three subsectors and analyse the bakery products category as a whole, based on new product launches from January 2011 to December 2015.

According to the Mintel Global New Products Database (GNPD), there were 773 new bakery products launched in Saudi Arabia from January 2011 to December 2015, with an average of 155 product launches a year. Of these products, 47% were new products and 53% were a combination of new variation (packaging, formulation, and variety/range extensions) of existing products. In addition, 738 of the total were branded while 35 were private-label products.

Within the 773 new products launched, the top five ingredients used consisted of white sugar, salt, wheat flour, sodium hydrogen carbonate, and emulsifiers. White sugar, salt, and wheat flour are the most commonly used ingredients in over 619 products. Of the Bakery products category in Saudi Arabia the fastest growing ingredients include vegetable oils, palm oil, skimmed milk powder, and disodium diphosphate, each with a growth calculated over 30% within the last year (Mintel GNPD, 2016).

Within the last five years of new bakery products launches in Saudi Arabia, 24% were imported from the United Arab Emirates (UAE), the USA, Italy, Turkey, and Germany combined, while 76% were domestic (Mintel GNPD, 2016). As grains products are core ingredients in bakery products and Saudi Arabia's consumers have an increasing preference for international bakery products, there presents a possible export opportunity for Canadian companies who are known for their excellence in bakery ingredients and products.

**New Product Launches of Bakery Products in Saudi Arabia January 2012 to January 2016, by Feature**

| Feature* | | Yearly Launch Counts | | | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Yearly product launches | 137 | 145 | 195 | 137 | 159 |
| **Top Five Claims** | | | | | |
| Vegetarian | 14 | 21 | 25 | 14 | 18 |
| No Additives/Preservatives | 20 | 17 | 17 | 14 | 30 |
| Halal | 9 | 17 | 15 | 12 | 19 |
| Whole grain | 10 | 9 | 12 | 17 | 12 |
| Low/no/reduced trans fat | 17 | 10 | 3 | 6 | 15 |
| **Imported Status** | | | | | |
| Imported | 0 | 0 | 49 | 59 | 79 |
| Not imported | 0 | 0 | 12 | 24 | 22 |
| Other | 137 | 145 | 134 | 54 | 58 |
| **Storage** | | | | | |
| Shelf stable | 129 | 142 | 190 | 133 | 150 |
| Frozen | 7 | 1 | 3 | 4 | 6 |
| Chilled | 1 | 2 | 2 | 0 | 3 |
| **Top five packaged types** | | | | | |
| Flexible | 121 | 113 | 163 | 111 | 122 |
| Carton | 4 | 6 | 6 | 11 | 7 |
| Can | 0 | 11 | 4 | 3 | 5 |
| Flexible stand-up pouch | 1 | 5 | 4 | 1 | 2 |
| Not specified | 5 | 4 | 5 | 2 | 16 |
| **Top five flavours (incl. blend)** | | | | | |
| Unflavoured/Plain | 62 | 54 | 69 | 51 | 46 |
| Chocolate (unspecified) | 15 | 17 | 32 | 24 | 30 |
| Vanilla/Vanilla Bourbon/Vanilla Madagascar | 4 | 7 | 12 | 4 | 10 |
| Hazelnut | 3 | 6 | 4 | 4 | 7 |
| Butter | 1 | 9 | 5 | 1 | 7 |
| **Top five ingredients**** | | | | | |
| White sugar | 115 | 115 | 166 | 117 | 132 |
| Salt | 107 | 112 | 147 | 109 | 135 |
| Wheat Flour | 109 | 112 | 155 | 91 | 134 |
| Sodium Hydrogen Carbonate | 72 | 74 | 95 | 77 | 78 |
| Emulsifiers | 66 | 70 | 103 | 73 | 83 |
| **Top five companies** | | | | | |
| Western Bakeries | 4 | 7 | 7 | 7 | 1 |
| General Mills | 1 | 4 | 5 | 9 | 6 |
| Kellogg | 2 | 2 | 6 | 8 | 5 |
| Saudi Masterbaker | 8 | 2 | 10 | 0 | 0 |
| Al Rashed Food | 8 | 2 | 10 | 0 | 0 |
| **Manufacturer Type** | | | | | |
| Branded | 131 | 142 | 191 | 130 | 144 |
| Private Label | 6 | 3 | 4 | 7 | 15 |

**Source :** Mintel Global New Products Database (GNPD), 2016.

***Note:** ranking are based on 2011-15 data

****Note**: that the totals for ingredient counts will add to more than the total launches as products cab use multiple ingredients.

## SUBSECTOR ANALYSIS

**Baked goods**

The baked goods subsector is the largest of the three subsectors within the bakery category. Despite the minor set back due to the labour shortage in early 2013, baked goods have sustained a steady and consistent growth from 2011 through 2015, reaching value sales of US$ 4.8 billion or 86% of total bakery value sales by the end of 2015. As seen in the chart on page 4, the sector is forecasted to continue this steady growth at a CAGR of 9% through 2020 (Euromonitor international, 2015).

Bread is the dominate category within baked goods and continues to sustain a dominate portion of baked good sales through 2020. Although bread is maintaining a steady growth in retail volume, it is seeing a slight decrease in percentage, down to 86% from 87%. This is an indication of the maturity of the category along with the increase in competition from pastries and cake categories.

**Historic Retail Volume in Percentage* (%) of Baked Goods Categories in Saudi Arabia**

| Categories | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Bread | 87.9 | 87.4 | 87.0 | 86.0 | 85.9 |
| Cakes | 3.3 | 3.4 | 3.6 | 3.7 | 3.9 |
| Pastries | 8.7 | 9.1 | 9.5 | 9.8 | 10.2 |

**Forecast Retail Volume in Percentage* (%) of Baked Goods Categories in Saudi Arabia**

| Categories | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Bread | *85.4* | *84.8* | *84.2* | *83.6* | *83.0* |
| Cakes | *4.1* | *4.2* | *4.4* | *4.6* | *4.8* |
| Pastries | *10.6* | *11.0* | *11.4* | *11.8* | *12.2* |

***Source for both:*** *Euromonitor International, 2016*
*Note*: Percentage calculation done by AAFC based on data from Euromonitor*

Saudi Arabia's baked goods sector is led by artisanal with a 72% market share in 2015. This is partly due to the rapid growth of independent bakeries and cake houses (Euromonitor International, 2015). A part from artisanal, two of the top baked goods companies are domestic players such as Almarai Co Ltd (8%) and Saudi Masterbakers (4.10%) that make up 12% of retail value share combined in 2015. Saudi Arabia's baked good market is highly fragmented which also further indicated by the top five companies which only accounts for 17.5% of the total market share.

**Top 5 Saudi Arabia Baked Goods Companies and Market Shares – Retail Value Sales % Breakdown**

| Companies | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Almarai Co Ltd | 5.95 | 6.63 | 7.25 | 7.72 | 8.02 |
| Saudi Masterbakers | 3.71 | 3.83 | 3.93 | 4.04 | 4.10 |
| Gulf Catering Co | 0.99 | 1.14 | 1.21 | 2.09 | 2.34 |
| National Food Co (Americana Cake) | 1.68 | 1.63 | 1.53 | 1.51 | 1.51 |
| Herfy Food Services Co Ltd | 1.37 | 1.46 | 1.48 | 1.49 | 1.49 |

***Source for both:*** *Euromonitor International, 2016*

Three trends that have impacted the baked goods category within Saudi Arabia's market over the last few years. The first is the revival of the labour shortage in traditional grocery retails due to Nitaqat program. Secondly, the aggressive advertising activities pushed by the top baked goods companies in promoting packaged baked goods throughout the year. This substantively increased the growth of packaged baked goods, at a combined growth rate of 22% in 2015. Thirdly, consumer shift to healthier whole wheat

products has increased the growth in brown bread. This shift is taking away from the white bread shares which had consistently dominated sales of packaged bread (Euromonitor International, 2015).

**Biscuits**

Biscuits have shown a strong performance with a CAGR of 11%, reaching retail value sales of US$ 73.60 million in 2015. Of the total biscuit sales 87% came from sweet biscuits which includes cookies, sandwich biscuits, wafers, etc. (Euromonitor International, 2016). Whithin the sweet biscuits category, sandwhcih biscuits saw the strongest increase in 2015, with current growth value reaching 14% (Euromonitor International, 2015).

The chart on page 4 shows that Saudi Arabia's biscuit sector is forecasted to continue to grow by a CAGR of 11% in retail value sales from 2016-20. Its total bakery market share is expected to increase from 10.4% to 12% in 2020 (Euromonitor International, 2015).

As seen in the charts below, the biscuit category is comprised of savoury biscuits and sweet biscuits. Over the last five years, sweet biscuits made up 87% of the total retail volume, while savoury biscuits consistently held 12%. This percentage split is expected hold through to 2020, as there is a fast growth in the young population between 0 and 14 years.

**Historic Retail Volume in Percentage* (%) of Biscuits Categories in Saudi Arabia**

| Categories | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Savoury Biscuits | 12.9 | 12.8 | 12.8 | 12.7 | 12.7 |
| Sweet Biscuits | 87.1 | 87.2 | 87.2 | 87.3 | 87.4 |

**Forecast Retail Volume in Percentage* (%) of Biscuits Categories in Saudi Arabia**

| Categories | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Savoury Biscuits | 12.6 | 12.5 | 12.5 | 12.4 | 12.3 |
| Sweet Biscuits | 87.4 | 87.5 | 87.6 | 87.6 | 87.7 |

***Source for both:*** *Euromonitor International, 2016*
Note*: Percentage calculation done by AAFC based on data from Euromonitor

Two of the top five biscuit companies in Saudi Arabia are domestic players, while the remaining three are international companies. Combined, the two domestic players, Deemah - United Food Industries Corp Ltd and National Food Co (Americana Cake) account for 15% of the overall biscuit market, while the three international players account for 39%. Overall, the top five represent 54% of the total biscuit market share.

**Top Five Saudi Arabia Biscuits Companies and Market Shares – Retail value Sales % Breakdown**

| Companies | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Mondelez Eastern Europe, Middle East & Africa FZE | - | 19.59 | 20.31 | 20.82 | 21.32 |
| Loacker SpA, A | 11.41 | 11.74 | 11.86 | 11.84 | 12.08 |
| Deemah - United Food Industries Corp Ltd | 8.72 | 8.57 | 8.28 | 8.05 | 8.13 |
| National Food Co (Americana Cake) | 6.05 | 6.26 | 6.5 | 6.6 | 6.79 |
| Yildiz Holding AS | 5.4 | 5.45 | 5.47 | 5.45 | 5.46 |

***Source:*** *Euromonitor International, 2016*

**Breakfast cereal**

Breakfast cereal is the smallest of the three subsectors within the bakery category in Saudi Arabia, but had the fastest value growth of 12% in 2015. The subsector looks to continue this upward motion through 2020, where sales are estimated to rise to US $336.10 million (Euromonitor International, 2015). With Saudi Arabia's population fast embracement of modern values, where families are becoming dual income, there is more dependence on breakfast cereals due to lack of time (Euromonitor International, 2015).

The breakfast cereal subsector is broken down into three main categories of children and family breakfast cereal, and hot cereal. Family breakfast cereal holds around 60% of retail volume within this category, followed by children's breakfast cereals at 24% and hot cereals at 16% in 2015.

Breakfast cereals have not traditionally been a part of the daily routine in the typical Saudi Arabia household. However, with the household dynamic changing to women entering the workforce, there is a shortage of time in the morning spent in the kitchen. In addition, cereals are fast becoming an ideal choice for the growing number of health-conscious people who are short of time (Euromonitor International, 2015).

**Historic Retail Volume in Percentage* (%) of Breakfast Cereal Categories in Saudi Arabia**

| Categories | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Hot Cereals | 17.9 | 17.5 | 17.0 | 16.7 | 16.2 |
| Children's Breakfast | 20.2 | 21.0 | 22.0 | 23.0 | 24.1 |
| Family Breakfast Cereals | 61.9 | 61.5 | 60.9 | 60.3 | 59.7 |

**Forecast Retail Volume in Percentage* (%) of Breakfast Cereal in Saudi Arabia**

| Categories | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Hot Cereals | 15.8 | 15.3 | 14.9 | 14.5 | 14.1 |
| Children's Breakfast | 25.2 | 26.4 | 27.6 | 28.8 | 30.0 |
| Family Breakfast Cereals | 59.0 | 58.3 | 57.5 | 56.8 | 55.9 |

***Source for both:*** *Euromonitor International, 2016*
Note*: Percentage calculation done by AAFC based on data from Euromonitor

This subsector is dominated by large multinational companies like Cereal Partners Worldwide SA, and Kellogg Co, who hold 80% of the total breakfast cereal market share (Euromonitor International, 2015). Although dominated by the top two companies, Saudi Arabia breakfast cereal market still has many small players that account for 20% of the remaining market share (Euromonitor International, 2015).

**Top Five Saudi Arabia Breakfast Cereals Companies and Market Shares – Retail value Sales % Breakdown**

| Companies | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Cereal Partners Worldwide SA | 41.3 | 40.0 | 39.9 | 39.8 | 40.1 |
| Kellogg Co | 39.5 | 38.2 | 38.9 | 39.4 | 39.8 |
| Daher International SAS | 9.1 | 8.5 | 8.5 | 8.4 | 8.1 |
| PepsiCo Inc | 10.1 | 9.1 | 8.6 | 8.2 | 7.8 |
| Bright Food (Group) Co Ltd | 0.0 | 4.2 | 4.2 | 4.2 | 4.2 |

***Source:*** *Euromonitor International, 2016*

## CONCLUSION

Saudi Arabia's bakery products market will continue to see growth over the next five years and could potentially be a larger export market for Canadian products. More specifically, as flour is the main ingredient in bakery products grain producers could focus on increasing their exports of wheat flour to Saudi Arabia. While processed foods manufacturers can increase their exports of cereals as it was Canada's top export commodity to the world in 2014.

## FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in Saudi Arabia**
  http://tradecommissioner.gc.ca/saudi-arabia-arabie-saoudite/index.aspx?lang=eng

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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- ats-sea.agr.gc.ca

For additional Information on Gulfood 2016, please contact:

- Ben Beery, Deputy Director
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## RESOURCES


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BAKERY PRODUCTS IN SAUDI ARABIA
*Global Analysis Report*

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